DEPARTMENT OF JUSTICE

QUEEN'S PRINTER REVOLVING FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2002

Provincial Auditor Saskatchewan

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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Queen's Printer Revolving Fund as at March 31, 2002 and the statements of operations and accumulated operating surplus and changes in accumulated net expenditure/recovery for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
July 5, 2002

Fred Wendel, CMA, CA
Provincial Auditor

Statement 1

DEPARTMENT OF JUSTICE
QUEEN'S PRINTER REVOLVING FUND
BALANCE SHEET
As at March 31

	2002	2001
ASSETS		
Current Assets:		
Accounts receivable (net)	$ 83,333	$ 139,435
Inventories	838	14,691
Prepaid expenses	599	399
Other assets	970	1,123
Total current assets	85,740	155,648
Capital assets (Note 5)	22,309	33,223
Total Assets	$ 108,049	$ 188,871
LIABILITIES AND FUND EQUITY		
Current Liabilities:		
Accounts payable	$ 57,750	$ 87,632
Unearned revenue (Note 6)	31,314	72,244
Total current liabilities	89,064	159,876
Non-current liabilities:		
Accumulated net recovery (Statement 3)	(17,092)	(37,917)
Total liabilities	71,972	121,959
Fund Equity:		
Accumulated operating surplus (Statement 2)	36,077	66,912
Total Liabilities and Fund Equity	$ 108,049	$ 188,871

(See accompanying notes to financial statements)

DEPARTMENT OF JUSTICE
QUEEN'S PRINTER REVOLVING FUND
STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS
For the Year Ended March 31

	2002		2001
	Budget (Note 9)	Actual	Actual
Revenues			
Sales	$ 680,000	$ 626,999	$ 901,669
Cost of goods sold	(280,000)	(246,267)	(352,850)
Gross profit	400,000	380,732	548,819
Expenses			
Salaries	400,000	438,689	397,496
Information technology	17,500	6,184	30,977
Amortization	17,500	23,794	22,298
Telephone	15,000	7,913	11,248
Office supplies	14,000	14,056	12,275
Other	40,500	20,931	29,812
Total expenses	504,500	511,567	504,106
(Loss)/income from operations	(104,500)	(130,835)	44,713
Subsidy from GRF	100,000	100,000	—
Net (loss)/income after subsidy	$ (4,500)	(30,835)	44,713
Accumulated operating surplus, beginning of year		66,912	22,199
Accumulated operating surplus, end of year (Statement 1)		$ 36,077	$ 66,912

(See accompanying notes to financial statements)

DEPARTMENT OF JUSTICE
QUEEN'S PRINTER REVOLVING FUND
STATEMENT OF CHANGES IN ACCUMULATED NET EXPENDITURE/RECOVERY
FOR THE YEAR ENDED MARCH 31

	2002	2001
Financing (provided by) required for operating activities:		
Net loss/(income) after subsidy (Statement 2)	$ 30,835	$ (44,713)
Less: Items not requiring an outlay of funds -amortization	(23,794)	(22,298)
Net increase in working capital items related to operations (Note 7)	904	13,739
	7,945	(53,272)
Financing (provided by) required for investing activities:		
Acquisition of capital assets	12,880	31,139
Net expenditure/(recovery)	20,825	(22,133)
Accumulated net (recovery), beginning of year	(37,917)	(15,784)
Accumulated net (recovery), end of year - to Statement 1	$ (17,092)	$ (37,917)

(See accompanying notes to financial statements)

DEPARTMENT OF JUSTICE
QUEEN'S PRINTER REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

1. Authority and Definition of Reporting Entity

The Revolving Fund operates under the authority of Section 9.1 of *The Queen's Printer's Act*. The purpose of the revolving fund is to provide a mechanism for printing, publishing and distributing government documents and publications to the public.

2. Accounting Policies

The financial statements are prepared using Canadian generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Expenditure/(Recovery) and Note 7. The following accounting policies are considered significant:

a) Net Expenditure/(Recovery)

The net expenditure/(recovery) is the cash flow from/(to) the General Revenue Fund. It represents the total annual financing requirements resulting from net capital acquisitions, working capital changes and net cash flows from operations.

b) Accumulated Net Expenditure/(Recovery)

The accumulated net expenditure/(recovery) of the fund includes the following:

i) the net cash expenditure/(recovery) for each fiscal year; and

ii) the book value of assets acquired at no charge from other government agencies.

c) Inventories

Inventories are valued at the lower of average cost and net realizable value. Inventories consist of paper used in the production of the final product.

d) Capital Assets

Amortization is calculated on a straight-line basis at an annual rate of 10% of acquisition value for furniture, 20% for equipment, and 33 1/3% for computer hardware and software.

3. Authorized Financing

Subsection 9.1(10) of *The Queen's Printer's Act* specifies that the maximum amount of accumulated net expenditures which may be outstanding at any time will be set by order of the Lieutenant Governor in Council. A maximum amount of $150,000 was established by Order in Council 667/89.

4. Accumulated Operating Surplus/Deficit

Treasury Board controls the operations of the Revolving Fund, in part by monitoring the amount of its accumulated operating surplus/deficit. If the amount falls above or below the limit specified by Treasury Board, management is responsible to present a plan to address the excess surplus/deficit for approval by Treasury Board. Plans may include, but are not limited to, payment of excess surpluses to, or requests for additional funding from, the General Revenue Fund. The limit for the Queen's Printer Revolving Fund is $100,000.

5. Capital Assets

	2002			2001
	Acquisition Value	Accumulated Amortization	Net Book Value	Net Book Value
Computer Hardware	$ 204,187	$ 185,778	$ 18,409	$ 25,902
Computer Software	26,911	26,108	803	1,607
Equipment/Furniture	16,794	13,697	3,097	5,714
	$ 247,892	$ 225,583	$ 22,309	$ 33,223

6. Unearned Revenue

Subscriptions to *The Saskatchewan Gazette* are considered unearned revenue for those months that the subscription extends beyond the fiscal year.

7. Net Change in Working Capital Items Related to Operations

	2002	2001
(Decrease)/increase in accounts receivable	$ (56,102)	$ 51,329
(Decrease) in inventory	(13,853)	(18,269)
Increase/(decrease) in prepaid expenses	200	(499)
(Decrease)/increase in other assets	(153)	1,023
Decrease/(increase) in accounts payable	29,882	(26,666)
Decrease in unearned revenue	40,930	6,821
Net change in working capital	$ 904	$ 13,739

8. Related Party Transactions

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Revolving Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Publications are sold and services are provided to related parties at amounts agreed to by the parties. These amounts are lower than those charged to other customers.

These transactions and amounts outstanding at year end are as follows:

Category	2002	2001
Revenue	$ 261,414	$ 384,522
Accounts receivable	50,060	83,451

Routine operating transactions with related parties are settled on normal trade terms. These transactions, and amounts outstanding at year end, are as follows:

Category	2002	2001
Expenses	$92,625	$102,358
Accounts payable	8,201	11,770

In addition, the Revolving Fund pays Saskatchewan Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and notes thereto.

In accordance with established government policy, the Revolving Fund has not been charged with certain occupancy, financing and administrative costs. These costs have been absorbed by the various departmental appropriations and therefore no provision for such costs is reflected in these financial statements.

9. Budget

These amounts are included in the budget submitted to Treasury Board for approval. Treasury Board approves the Revolving Fund's budget annually.

10. Financial Instruments

The Revolving Fund's financial instruments include accounts receivable and accounts payable. Due to their immediate and short-term nature, the fair value of these instruments approximates the carrying value.

The fair value of the accumulated net expenditure has been omitted because it is not practicable to determine the fair value with sufficient reliability.

11. Amount Reported in the Public Accounts

The net (requirement)/recovery of the Revolving Fund reported in the Public Accounts is the net income of the Revolving Fund adjusted for the following differences in accounting policies and other adjustments between the Revolving Fund and the General Revenue Fund.

	2002	2001
Net (loss)/income	$ (30,835)	$ 44,713
Amortization expense	23,794	22,298
Decrease in inventory	13,853	18,269
Capital assets purchased	(12,880)	(31,139)
Timing differences in recording transactions	5,322	(298)
Net (requirement)/recovery, reported in the Public Accounts	$ (746)	$ 53,843